All-Cap High Yield Model

INVESTMENT OBJECTIVE

The iQuant.pro All Cap High Yield Model seeks to generate long-term returns in excess of the total return of the S&P 500 Index, with less down-market volatility than the index.

INVESTMENT PROCESS

The All-Cap High Yield Model represents an equal-weighted portfolio of small, mid, and large-cap stocks that currently pays an average yield that more than doubles that of the ten-year Treasury bond.

- Start with the largest 1,500 domestically-traded companies
- Select the 150 companies with the highest current dividend yield.
- Screen by plow-back ratio, share buyback and dividend yield and select the top 50
- Screen by exponential price momentum and select the top 10.

If this Model had been applied since 1976, investors may have realized higher returns than by investing in the S&P 500 Index.

AVERAGE ANNUAL RETURNS (5/1976-2017)

Timeframe	MODEL	S&P 500
Inception	18.28	11.46
40 Year	18.49	11.84
30 Year	16.71	10.97
25 Year	15.58	9.75
20 Year	14.70	7.29
15 Year	13.29	9.48
10 Year	11.16	8.42
5 Year	6.86	16.00
3 Year	-0.37	11.32
12 Month	1.88	21.83

DOWN MARKET PERFORMANCE (Since 1976)

Year	MODEL	S&P 500
1977	4.20	-7.39
1981	18.71	-4.95
1990	-4.53	-3.10
2000	45.60	-9.09
2001	17.21	-11.86
2002	11.52	-22.10
2008	-27.35	-37.00
Downside Cap Ratio	37%	---

ANNUAL RETURNS (5/1976-2017)

1976	20.57	8.36
1977	4.20	-7.39
1978	6.26	6.53
1979	18.31	18.47
1980	17.81	32.44
1981	18.71	-4.95
1982	42.95	21.55
1983	34.77	22.55
1984	33.17	6.25
1985	49.37	31.74
1986	24.63	18.67
1987	6.72	5.25
1988	20.69	16.62
1989	26.46	31.68
1990	-4.53	-3.10
1991	58.06	30.46
1992	18.33	7.62
1993	14.91	10.07
1994	3.16	1.32
1995	32.26	37.59
1996	17.42	22.96
1997	34.10	33.38
1998	30.49	28.57
1999	-6.51	21.06
2000	45.60	-9.09
2001	17.21	-11.86
2002	11.52	-22.10
2003	17.75	28.69
2004	20.45	10.88
2005	4.54	4.91
2006	29.94	15.79
2007	13.23	5.49
2008	-27.35	-37.00
2009	41.04	26.47
2010	33.42	15.06
2011	21.25	2.11
2012	28.74	16.00
2013	25.09	32.39
2014	6.52	13.69
2015	-7.55	1.38
2016	8.79	11.96
2017	1.88	21.83

Standard Deviation is also known as historical volatility and is used as a gauge for the amount of expected volatility. An investment model that has a **downside capture ratio** less than 100% has outperformed the index during down-markets.

Historical model performance does not guarantee future results. The returns presented represent simulated Model returns which are hypothetical, meaning they do not represent actual trading, and, thus, may not reflect material economic and market factors, such as liquidity constraints, that may have had an impact on actual decision making. The hypothetical performance reflects the retroactive application of the Model which was created in 2016, designed with the full benefit of hindsight, and applied retroactively to 1976.

Actual performance may result in lower or higher returns than the hypothetical Model performance presented. If actual portfolios had been managed, there can be no guarantee such portfolios would have achieved results similar to those portrayed.

Model returns reflect a 0.50% annual trading expense on total portfolio value – which may be higher or lower than actual trading costs. The Model is rebalanced every 3 months (Feb, May, Aug, Nov). Actual performance will vary from that of investing in the Model because it may not be fully invested at all times. Hypothetical returns for the Model in certain years were significantly higher than the returns of the S&P 500 Index. It is important to note the Model may underperform in certain years and may produce negative results. The Standard & Poor's 500 Index ("S&P 500") is a market capitalization-weighted index of 500 stocks seen as an indicator of U.S. equities and is presented as a general market benchmark.

Hypothetical Model returns were the result of certain market factors and events which may not be replicated in the future. An investment in this Model should be made with an understanding of the risks involved with owning common stocks, such as an economic recession and the possible deterioration of either the financial condition of the issuers of the equity securities or the general condition of the stock market. An investment in a portfolio containing equity securities of foreign issuers is subject to additional risks, including currency fluctuations, political risks, withholding, the lack of adequate financial information, and exchange restrictions impacting foreign issuers. The value of the securities held by the Model may be subject to steep declines or increased volatility or perception of the issuers.

Contact iQUANT.pro at info@iquant.pro more information.

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TARGET HOLDINGS* (selected 11/1/2017)

Target Allocation	Ticker	Name	Est. Yield
10.00	APO	APOLLO GLOBAL	5.50
10.00	FIG	FORTRESS INVEST	
10.00	BBVA	BANCO BILBAO VIZ	4.70
10.00	XHR	XENIA HOTELS	5.10
10.00	PEB	PEBBLEBROOK HOTE	4.10
10.00	CIM	CHIMERA INVEST	10.80
10.00	CXW	CORECIVIC	7.50
10.00	BX	BLACKSTONE GROUP	6.80
10.00	AEG	AEGON N V	4.60
10.00	TU	TELUS CORP	4.20

THESE ARE NOT THE MOST CURRENT MODEL SELECTIONS. You can receive the most recent holdings as a subscribed member.

*The holdings of the Model are determined every three months (Feb, May, Aug, Nov) and are selected on an equal weight basis. Real-time allocations may differ slightly from those indicated above due to the requirement that only whole shares may be purchased.

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RISK & VOLATILITY MEASUREMENTS (5/1976-2017)

Risk Statistics

	MODEL	S&P 500
Standard Deviation	14.05	15.90
Max drawdown	-34.78	-50.95
Up Capture	0.88	
Down Capture	0.37	
Alpha	11.02	
Beta	0.59	
Correlation	0.66	

Win Rates

	MODEL	S&P 500
Winning months	337	321
Losing months	163	178
Win rate	67.40%	64.20%
Winning quarters	125	120
Losing quarters	41	46
Win rate	75.30%	72.29%
Winning years	37	34
Losing years	4	7
Win rate	90.24%	82.93%

Sharpe ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk. M**aximum drawdown** (MDD) is the **maximum** loss from a peak to a trough of a portfolio, before a new peak is attained and is an indicator of downside risk over a specified time period. **Upside and downside capture ratios** measure whether a given fund has outperformed--gained more or lost less than--a broad market benchmark during periods of market strength and weakness, and if so, by how much. **Alpha** gauges the performance of an investment against a market index used as a benchmark. **Beta** measures the volatility of an investment compared to the market as a whole. **Correlation**, measures the degree to which two securities move in relation to each other.

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